

# ***Mixed-Use Housing Development Symposium***

**California Urban Real Estate Program**

***October 29, 2004***



- 
- CalPERS Overview
  - Real Estate Program Overview
  - California Urban Real Estate Program (CURE)
  - Update on CURE Program
  - Conclusion

# Overview of CalPERS

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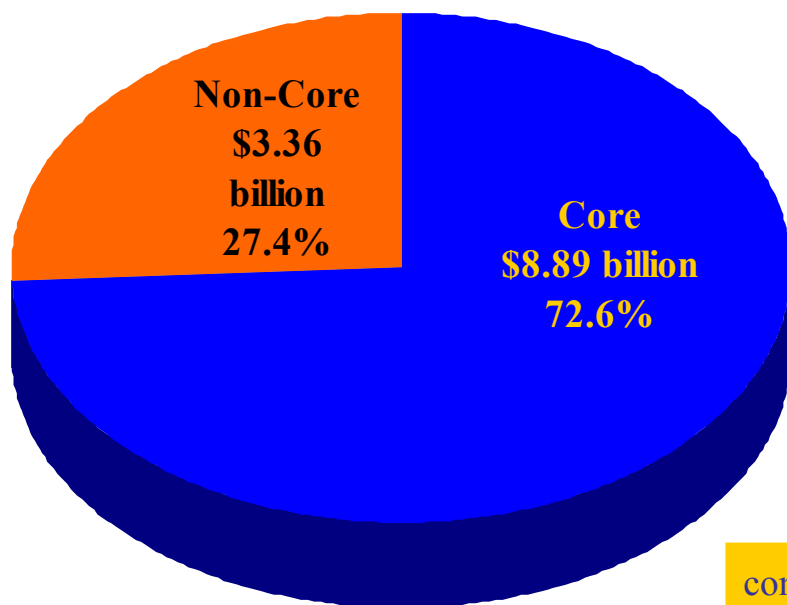
- Largest US public pension fund
- \$168 billion in assets
- 1.4 million beneficiaries
- Four major asset classes (asset allocation)
  - Global equities (58%)
  - Global fixed income (26%)
  - Real estate (9%)
  - Alternative investments (7%)
- 130-member internal investment organization plus numerous outside managers and advisors

# Portfolio Allocation

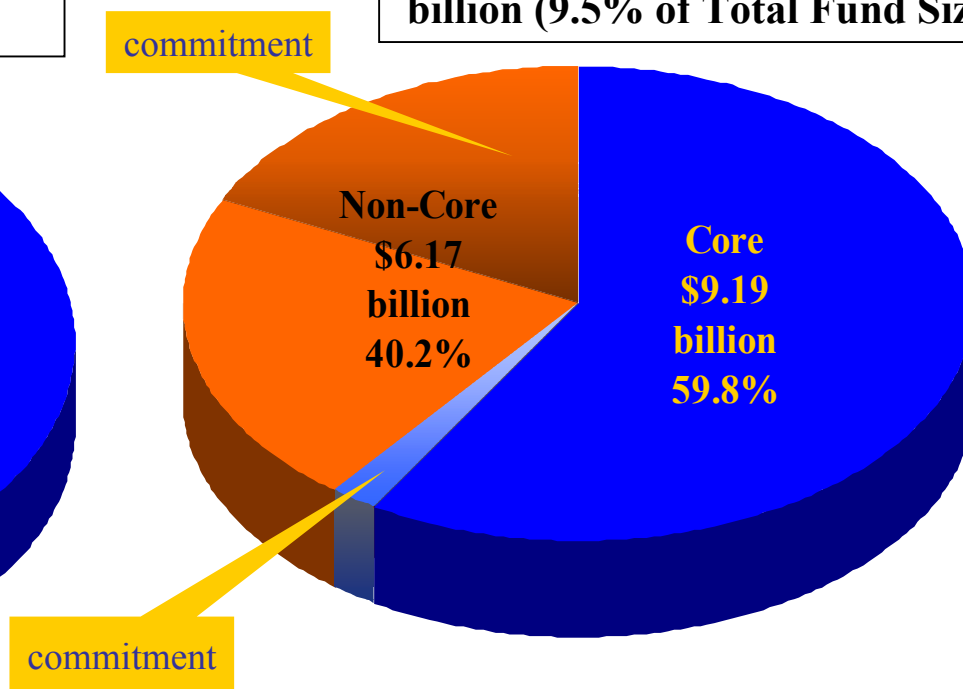
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**Total Fund Size (9-07-04): \$167.9 billion**

**Net Asset Value (6-30-04)  
Invested \$12.25 billion  
(7.6% of Total Fund Size)**



**Net Asset Value (6-30-04) plus  
Allocation/Commitments \$15.36  
billion (9.5% of Total Fund Size)**



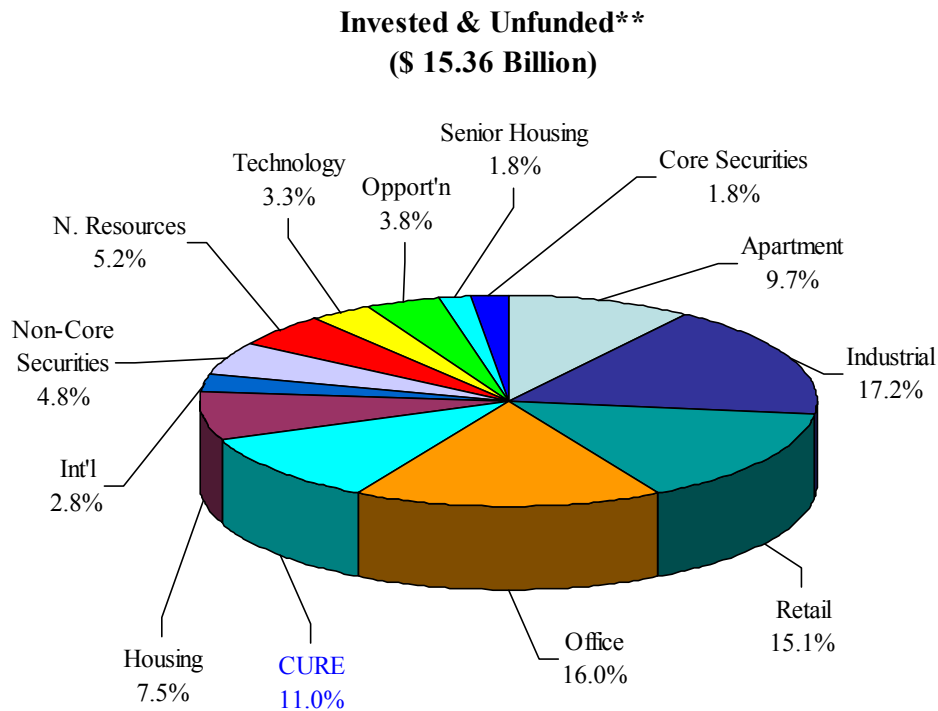
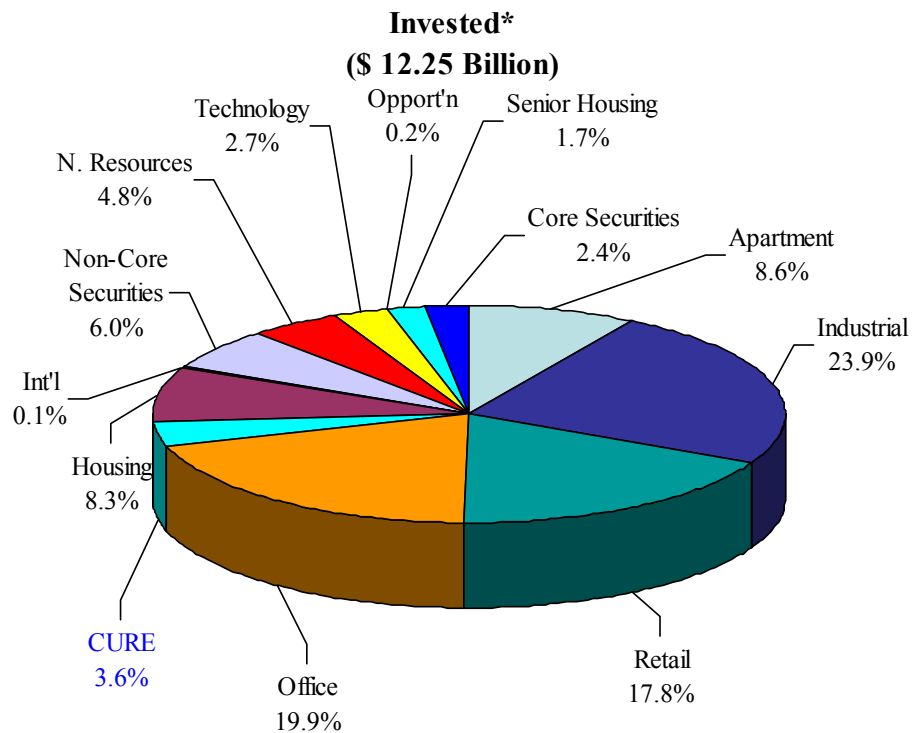
	Policy Range
Core	50% - 80%
Non-Core	20% - 50%

*Source: CalPERS Statement of Investment Policy Equity Real Estate Investment Policy date November 13, 2001. Data collection from advisors for the period ended 6/30/04.*

# Portfolio Summary:

## Sector Allocation - Total Real Estate Investments

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### 1. POLICY

### CORE

### NON-CORE

### 2. INVESTED (6/30/04)

50-80%

20-50%

### 4. INVESTED & UNFUNDED

72.6%

27.4%

59.8%

41.2%

\* NAV@FMV Valuation: Actual Core and Non-Core as of 6/30/04.

\*\* NAV@FMV starting with Actual Core and Non-Core for 6/30/04 and adjusted for Pipeline, plus acquisitions/dispositions as note from Investment Accounting for period ending 7/5/04.

# Actual & Projected Real Estate Investments Relative to Policy Ranges (6/30/04)

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	<u>Actual</u>	<u>Invested &amp; Unfunded</u>	<u>Policy Range</u>			<u>Actual</u>	<u>Invested &amp; Unfunded</u>	<u>Policy Range</u>
<b>Core</b>	<b>72.6%</b>	<b>59.8%</b>	<b>50-80%</b>		<b>Non-Core</b>	<b>27.4%</b>	<b>40.2%</b>	<b>20-50%</b>
Office	19.9%	16.0%	0-35%		CURE	3.6%	11.0%	0-30%
Retail	17.8%	15.1%	0-35%		Housing	8.3%	7.5%	0-30%
Industrial	23.9%	17.2%	0-35%		International	0.1%	2.8%	0-15%
					Non-Core Securities	6.0%	4.8%	0-15%
Apartment	8.6%	9.7%	0-35%		Natural Resources	4.8%	5.2%	0-15%
REITS	2.4%	1.8%	0-15%		Technology	2.7%	3.3%	0-15%
					Opp. Fund	0.2%	3.8%	0-15%
					Senior Housing	1.7%	1.8%	0-15%

## **Business Strategy**

Development/redevelopment of urban assets that benefit from improving trends in economic and demographic factors, or that address market imbalances.

addition to targeting appropriate risk-adjusted returns, secondary benefits from investments are expected in such areas as affordable housing, urban revitalization, infrastructure utilization and other components of "smart growth".

<b>Total Amount allocated</b>	\$ 1.69 Billion
<b>Policy Range</b>	0-30%
<b>Related Policy</b>	California Urban Real Estate Specialized Equity Real Estate
<b>Total Real Estate Value</b>	\$1.2 Billion (includes debt and equity)
<b>Geographical Region</b>	California focus
<b>Return Expectation</b>	13-20%
<b>Leverage Level Ranges</b>	50-80%

# Sector Itemization – CURE

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<b>Fund/Partner</b>	<b>\$</b>	<b>Actual</b>			<b>Primary</b>	<b>Max.</b>	
<b>Name</b>	<b>Allocated</b>	<b>Invested</b>	<b>Remaining</b>	<b>Business Strategy</b>	<b>Geographic</b>	<b>Leverage</b>	<b>Projected</b>
	<b>(millions)</b>	<b>(millions)</b>	<b>Amount</b>		<b>Areas</b>	<b>Levels</b>	<b>Returns</b>
KAREC/Kennedy	\$ 150.0	62.6	\$ 87.4	Office/R &D, Industrial	California	50%	16%
CIM	\$ 405.0	4.7	\$ 400.3	Mixed-use develop.	Nationwide	80%	20%
BUILD/Bridge	\$ 100.0	6.5	\$ 93.5	Affordable housing	Bay Area, CA	65%	14%
CalSmart/Reef	\$ 200.0	63.2	\$ 136.8	Infill development	L.A. Region	65%	13%
Buchanan	\$ 250.0	52.7	\$ 197.3	Office/Apt/Retail/Ind/Mixed use/Storage	Urban CA	N/A	20%
Related	\$ 30.0	0.0	\$ 30.0	Affordable Multifamily	CA	60%	13-15%
Capri	\$ 60.0	26.1	\$ 33.9	Mezz debt/pref. equity	So. California	N/A	13%
IHP IV	\$ 40.0	0.8	\$ 39.2	Income Producing/For sale residential	CA	65%	16-17%
Pacific City Home	\$ 40.0	5.2	\$ 34.8	Affordable-for-sale housing	CA Infill	75%	18%
KSC	\$ 50.0	2.5	\$ 47.5	Affordable Multifamily	CA	60%	13-15%
CUIP/MacFarlane	\$ 290.0	4.7	\$ 285.3	Infill Investments	Nationwide	65%	13-16%
Legacy	\$ 70.0	2.1	\$ 67.9	Affordable Multifamily	CA	60%	13-15%
<b>TOTAL</b>	<b>\$1,685.0</b>	<b>231.1</b>	<b>\$1,453.9</b>				

Data as of 3/31/04



# CalPERS CURE Contact

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For general inquiries, please contact:

Barbara Stocking, Investment Officer  
CalPERS, 400 P Street  
Sacramento, CA 95814  
Email: [barbara\\_stocking@calpers.ca.gov](mailto:barbara_stocking@calpers.ca.gov)

For a list of CURE Partners, visit our web-site:

<http://www.calpers.ca.gov> (search – real estate managers)

or for the expert typists:

[http://www.calpers.ca.gov/index.jsp?bc=/investments/ assets/real-estate/currentexrealestmgrs.xml](http://www.calpers.ca.gov/index.jsp?bc=/investments/assets/real-estate/currentexrealestmgrs.xml)